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Congress of the United States
House of Representatives
Washington, DC 20515

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HOUSE COMMITTEE
ON FINANCIAL SERVICES

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CAPITAL MARKETS

SUBCOMMITTEE ON
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SUBCOMMITTEE ON
RURAL DEVELOPMENT, ENERGY,
AND SUPPLY CHAINS

Mr. Daniel Werfel
Commissioner
Internal Revenue Service
1111 Constitution Ave NW
Washington, DC 20224

Dear Commissioner Werfel,

Subject: Comprehensive IRS Inquiry into the Compliance of Loans Made to President Joe Biden

As the former Revenue Secretary of Pennsylvania, where I gained extensive experience in tax law enforcement and compliance, I am compelled to address a matter of critical significance that has emerged from Chairman Comer's recent investigatory efforts into President Biden and his family.

Background

The loan repayments involving President Biden and his brother, James Biden were uncovered by the Committee on Oversight and Accountability. These payments have raised questions about a \$200,000 check Joe Biden received from James in March 2018 and a \$40,000 check from Sara Biden in September 2017.

The March 2018 transaction occurred on the same day James received an equal amount from Americore, a company in bankruptcy, where James allegedly used his Biden family name for business leverage. The White House contends that this was a repayment for a loan given by Joe Biden to his brother. However, the Committee, having reviewed various financial records, finds no evidence of such a loan's existence. They have requested detailed loan documents to ascertain the legitimacy of this transaction and to ensure compliance with IRS regulations regarding "below-market rate" loans, given the absence of interest payments and lack of clear documentation.

In July 2017, Hunter Biden, interacting with Raymond Zhao of CEFC, a Chinese energy company linked to the Chinese Communist Party, demanded a \$10 million capital payment, mentioning that his father, Joe Biden, was present during the conversation. Following a \$5 million transfer from Northern International Capital to Hudson West III, a joint venture between Hunter Biden and CEFC associate Gongwen Dong, funds flowed rapidly: \$400,000 to Hunter Biden's Owasco, P.C., and \$150,000 to Lion Hall Group, owned by Joe Biden's brother James and sister-in-law Sara. This intricate financial chain culminated in Sara Biden withdrawing \$50,000 in cash from Lion Hall Group, depositing it into a personal account, and subsequently writing a \$40,000 check to Joe Biden on September 3, 2017, labeled as a "loan repayment." In November, Chairman Comer wrote to White House Counsel Edward Siskel inquiring about the documentation for the March 2018 loan repayment. The letter highlights the lack of evidence supporting the White House's claim that the \$200,000 check was a repayment of a loan from Joe Biden to his brother.

The Committee stressed the importance of transparency and proper documentation in this matter, especially considering IRS requirements and the potential implications of non-compliance. They request that the White House provide all relevant loan documentation, including the loan agreement, payment records, and any other supporting materials. The Committee's inquiry underscores the seriousness with which it views these allegations and its commitment to investigating the potential misuse of the Biden family name for personal financial gain.

Our investigation has led to the following key concerns and questions:

Loan Documentation and Agreement: The potential lack of formal written agreements or promissory notes raises questions about the legality and transparency of these loans.

1. Was there a formal written agreement or promissory note for each of the loans made to President Biden?
2. If so, do these documents contain all necessary details such as the loan amount, interest rate, repayment schedule, and terms?

Interest Rates and AFR Compliance: Uncertainties regarding the interest rates applied to these loans and their compliance with the Applicable Federal Rate (AFR) necessitate an IRS review.

3. What were the interest rates applied to these loans, and how do they compare with the IRS's Applicable Federal Rate (AFR) at the time the loans were issued?
4. Were these rates consistently applied throughout the term of the loans?

Record Keeping and Reporting: The adequacy of record-keeping related to these loans and the reporting of any interest income are unclear and need clarification.

5. How have the loan repayments been documented and tracked, and are there records demonstrating consistent repayment schedules or amounts for these loans?
6. Are there any discrepancies or inconsistencies in the record-keeping of these loans that could raise concerns about their nature or compliance with tax laws?

Risk of Reclassification as Gifts: If the payments were not a loan, one interpretation is that they were a gift. A gift is defined in statute as having no expectation of repayment or services performed.

7. Based on the information available, would these loans be reclassified as gifts under current IRS guidelines?
8. If reclassified, what would be the tax implications for both the lender and the borrower?
9. Were any gift tax returns filed by the payors in the years in question?
 - a. If not, what potential gift tax liabilities were ignored?
 - b. Can we expect failure to file, failure to pay, negligence, substantial underreporting, or other penalties to apply?

Legal Implications and Penalties: Non-compliance with IRS guidelines could lead to severe legal consequences.

10. In the event of non-compliance with IRS guidelines, what are the potential legal implications and penalties that could be applied?
11. Are there any ongoing investigations or audits related to these loans?

Interest Collection and Reporting: Of particular interest is whether President Biden collected interest on these loan repayments and, if so, whether this interest was duly reported in his tax filings. Clear documentation on this aspect is essential for a comprehensive understanding of the situation.

12. Specifically, did President Biden report any collected interest on these loans, and was this interest appropriately reported in his tax filings?
13. If interest was collected but not reported, what actions does the IRS intend to take whether it be an audit, civil, or criminal penalties?

Connection with Other Biden Entities

14. Were these loans connected in any way with either Joseph Biden, Jill Biden, or any S-corporations, partnerships, LLCs, or other disregarded tax entities controlled by those natural persons?
15. If so, have those entities been investigated for the questions you are raising here?

Reclassification as Ordinary Income: If the payments were neither a loan repayment nor a gift, they were in fact ordinary income received by Joe Biden, Jill Biden, or entities connected to them.

16. Was this income reported on any income tax returns?
 - a. If not, what potential ordinary income tax liabilities were ignored?
 - b. Can we expect failure to file, failure to pay, negligence, substantial underreporting, or other penalties to apply?

Therefore, I request the IRS to undertake a thorough review and provide detailed responses regarding the compliance of these loans with IRS regulations, focusing on documentation, interest rates, record-keeping, potential reclassification, legal implications, and specifically, the collection and reporting of interest on these loans.

Given my prior role in tax administration, I am acutely aware of the importance of ensuring equitable enforcement of our tax laws. This inquiry is not only a matter of tax compliance but also one of upholding the public's confidence in the integrity of our governmental institutions.

I await a prompt and thorough response to these concerns by **February 16, 2024**. Thank you for your attention to this urgent matter of great importance to the American people.

Sincerely,



Dan Meuser
Member of Congress